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MARKET ANALYSIS - January 09, 2003

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Before discussing current grain prices and the short run outlook it is worth summarizing last years price activity and the implications for marketing decisions. All of the grain futures posted double-digit gains over the year. Despite things moving the wrong direction in the corn and wheat pits recently we have still shown impressive gains there too. Impressively, Soybeans are up 26% on the year! We have also not seen such strong basis behavior in Maryland for many years. What does this mean from a marketing standpoint for those who still have old crop? Well, on the one hand the strong basis implies that it is a good time to sell, but on the other hand, with such low stocks to use ratios in all the grain markets – one weather scare over the next few weeks could spike prices upwards. Also, January's USDA report (out on Friday) could show some revisions in the projections, which might push things higher. In the report the USDA will be putting out winter wheat acreage, final crop production, grain stocks and world supply and demand estimates. The wheat acreage is a wild card, and some are calling for a downward revision in final corn and soybean crop numbers. So, the safe bet maybe to sell in the corn and soybean cash market and play the storage game on paper through call options. So, having disposed of last year's activity and advice what happened this week in the markets? Corn trade has been slow leading up to the important USDA report and all week all traders reacted to were guesses over the production reports. The week ending January 2nd was very slow for export sales with holiday disruptions cutting into totals by a greater amount than what analysts had been hoping. Corn sales hit another market year low. The final nail in the export coffin came when it was reported that Taiwanese hog producers requested their government to allow Chinese corn imports. In the soybean market traders argued over the Sparks estimate for production and finally concluded that the Sparks number was too high so prices bounced up a tad. South American weather continues to be a rather benign item – especially because of the upcoming report. The funds did some buying, but some think this might lead to a technical correction down the road. Talk of Chinese soybean demand kept prices moving up over the week and the larger than expected soybean export activity on Thursday rounded things off nicely before getting the USDA report. The wheat market is going to react to any news from the USDA report and seems to be moving in the right direction after the selling in this market is now exhausted. On Thursday, decent export sales, fund buying and talk of adding a weather premium onto the prices got the bulls all excited. Unfortunately however, the traders believe that there might be a solid increase in winter wheat plantings – we just have to sit tight and wait to see.

BASIS TABLE

		BASIS		AN BASIS	WHEAT BASIS		
LOCATION	CASH (Mar03)	NEW(Dec03)	CASH (Jan03)	NEW(Nov03)	CASH(Mar03)	NEW(Jul03)	
Baltimore	n/a	n/a	-\$.19	n/a	n/a	n/a	
Western MD	+\$.55	n/a	+\$.01	n/a	-\$.17	n/a	
Central MD	+\$.43	+\$.10	-\$.03	-\$.20	+\$.10	-\$.23	
Southern MD	+\$.35	Even	-\$.08	-\$.25	-\$.21	-\$.30	
Upper E. Sh	+\$.37	+\$.05	-\$.03	-\$.25	-\$.21	-\$.25	
Lower E. Sh	+\$.46	+\$.13	+\$.07	-\$.16	-\$.18	-\$.23	

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS

This report will resume again in April

CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES										
Grade and #2 Commodity		helled rn	#2 Ye Soyb		#2 Red Wh		#3 Barley			
Date	12/31	01/08	12/31	01/08	12/31 01/08		12/31	01/08		
Baltimore			5.51	5.71						
Western Md	3.00	3.00	5.76	5.89	3.15	3.20	1.98	1.98		
Central MD	2.80	2.88	5.77	5.87	3.30	3.47	1.65	1.65		
Southern MD	2.71	2.80	5.65	5.82	3.08	3.16	1.45	1.45		
Upper E. Sh	2.71	2.82	5.71	5.87	3.04	3.16		1.60		
Lower E. Sh	2.81	2.91	5.80	5.97	3.07	3.19		1.54		

Soybean Meal	Lower Ea	stern Shore	Dealer's Avera	ge Cash Quotes (\$/ton))
Date	12/31	01/08	Date	12/31	01/08
48% Soybean Meal	202.00	206.00	44% Sovbean Meal	190.00	196.00

FORWARD CONTRACT PRICE-REGIONAL (\$/bu) For Harvest delivery Dealer's Avg Quote										
Grade and Commodity	#2 Y S Co	helled orn	#2 Yo Soyl	ellow eans	#2 Red Winter Wheat		#3 Barley			
Date	12/31/02	01/08	12/31	01/08	12/31	01/08	12/31	01/08		
Baltimore										
Western Md										
Central MD	2.52	2.56	4.93	5.03	2.79	2.96				
Southern MD	2.41	2.46	4.87	4.98	2.72	2.89	1.45	1.45		
Upper E Shore	2.46	2.51	4.88	4.98	2.77	2.94	1.60	1.60		
Lower E Shore	2.54	2.59	5.01	5.07	2.79	2.96	1.54	1.54		

GRAIN	GRAIN FUTURES - Chicago Board of Trade (cents/bu) -Jan 08, 2003										
	Corn		Soybeans		Wheat	Soyb	Soybean Meal ¹				
Mar	245.25	Jan	589.50	Mar	337.00	Jan	169.40				
May	247.75	Mar	582.00	May	331.75	Mar	171.40				
Jul	251.00	May	574.25	Jul	318.75	May	170.30				
Sept	247.50	Jul	570.00	Sept	322.50	Jul	168.40				
Dec	246.00	Ang	562.00	Dec	332.50	Ang	165.10				

HAY AND ST	FRAW (\$/cwt)						
		Jan 06, 2003 - 12	23 Loads					
Alfa	ılfa	Mixed			nothy	Orchardgras		Straw
132.00-2		87.00-220.0 - Jan 07, 2003 - 1		100.00	-210.00	90.00-162.0	0 .	112.00-150.00
Alfalfa		ix Time		Grass	Grass (lg	rd) St	aw Gr	ound Ear Corn (bag)
2.30-7.00		-5.10 2.80-	4.10 2.0	00-3.20	27.00-3	2.00 1.50	-2.60	5.00-8.00
SOUTHERN	MD - \$/bale							
		Product Nam Orchard Grass		.10	<u>High</u> 4.10	Avg Price 4.10		
		Timothy		.00	5.40	5.13		
		Mixed		.30	4.20	4.00		
POULTRY (Grade A) - Wo	ek Ending Jan 1	•		Price, cents/l			
NY Wtd Avg.	(Frvers)	Current Wee 59.68	_	k Ago 5.22	Month Ago 47.30	<u>Year Ago</u> 47.57		
12-City Comp		61.08		3.22	53.14	55.66		
• •		D - \$/cwt - Jan 07	, 2003					
	00-125 lbs	97.00-108.00	·	70-95 lbs	100.00-12	20.00	Sheep 12	Hd 40.00-52.00
TERMINAL N	MARKETS H	OGS - Jan 09, 200	3	DIR	ECT MARK	ET HOGS - We	stminster, M	ID- Jan 07, 2003
Base Price Rai	nge (\$/cwt)	Carcass Basis	Sows (1-3))				·
a.n	,	Base 185 lb Hog	300-449 lb			1&2 22	5-290 lbs	31.50-33.00
Eastern Cornb	oelt	41.00-46.11	17.00-26.5	0		1&3 29	0-390 lbs	25.00-29.00
Iowa, Minn		41.00-47.42	17.00-27.2	8 Mill	sboro, DE Ma	arket Hogs - \$/c	wt - Jan 07,	2003 \$27.00
FEEDER PIO	GS - (\$/cwt) -							
Gumboro, D						A - Jan 01, 2003		
Head:	Trend:			Hea	ad: 233	Trend: All	went to slaug	ghter
~ . 	Next Sales				~~~			
CATTLE-LI (\$ cwt) - Jan	VE FUTURES 07, 2003	S - Chicago Merca	ntile Exchang	ge- HO (\$ c	GS-LEAN F (wt) - Jan 07,	'UTURES - Chi 2003	cago Mercai	ntile Exchange -
Feb	81.10	Aug	69.62	Feb		52.12	Ju	
Apr	79.60	Oct	71.52	Ap		58.42	Ju	
Jun GWED E	71.82	T T C C C C C C C C C C		Ma	y	62.82	Au	ig 59.27
		TLE - (\$/cwt)		***	, MD 1	. 06 2002		
Winchester, V Steers	V A - Jan 06, 2 400- 500 lb			Steers	nster, MD - J	300-50	O lbc	76.00- 86.00
Steers	500- 600 lb			Steers		600-80		60.00- 72.00
	600- 700 lb			Heifers		200-40		68.00- 79.00
	700- 800 lb					400-60		60.00- 72.00
	900-1000 lb	s 66.00-72.75				600-70	0 lbs	60.00- 69.00
Heifers	300- 400 lb			Hols Bu		94-12		100.00-126.00
	400- 500 lb				#2	94-12		60.00- 95.00
	500- 600 lb			Hala H	eifers #1	82- 9		45.00- 60.00
	600- 700 lb 700- 800 lb			Hois He	#2	85-11 85-11		310.00-410.00 200.00-290.00
	700- 000 10	3 05.00-07.00			π2	79- 9		100.00-150.00
				Beef X	Bulls & Heife			60.00- 80.00
Lancaster, No	ew Holland &	Vintage - Week E	nding - Jan 1					
Bull, Holstein		95-125 lbs	110.00-172.0		Plainer	95-125		100.00-141.00
Heifers, Hols.		95-125 lbs	385.00-510.0	00	Plainer	95-115	lbs	210.00-390.00
SLAUGHTEI								
Westminister, Fed Steers	, MD - Jan 0	7, 2003		Tr.	ed Heifers			
H-Ch-Pr	1150	-1450 lbs 75.00	-78.00		Ch-Pr	1100-1	400 lbs	70.00-77.00
Ch 2-4		-1550 lbs 72.00	-75.00	H-	Ch 3-4			71.00-74.50
L-Ch Ch-Hols			-70.50 -61.50	L-	Ch Hols	1100-1	400 lbs	50.00-53.00
Cn-Hols Cows		60.00	-01.30	V	eal Calves			
Breakers			-43.25		ood		160 lbs	60.00-70.00
Boners			-41.00 -37.50			80-	110 lbs	35.00-45.00
Lean Thin & Light			1-37.50 1-DOWN					
•	ew Holland &	vintage - Week Eı		1, 2003				
Steers, Choice		1110-1500	_		Steady - \$1.5	0 higher		
Heifers, Choic		1045-1305			Nearly \$2 high	-		
Cows, Breaker	rs 75-80 pct lea	an	39.00-	-45.75	Opened weal	x - \$1 lower but o	losed steady	-firm
Bullocks, Sele	ect 1-2 few	1185-1230			No trend			
Bulls, YG 1	d 0_ TT/**	1105-2295		-55.50	Steady - \$3 h	-	1	
Vealer, Standa	ara & Utility	55- 125	10s 15.00-	-37.00	Opened mixe	ed but closed sha	rpiy lower	

For more information about this report, call 410-841-5740 or write:

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